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FM AMEMBASSY LISBON
TO RUEHC/SECSTATE WASHDC PRIORITY 6409
INFO RUCNMEM/EU MEMBER STATES PRIORITY
RUEHMT/AMCONSUL MONTREAL PRIORITY 0058

C O N F I D E N T I A L LISBON 002805

SIPDIS

SIPDIS

USEU PASS TO FAA KURT EDWARDS
PARIS PASS TO FAA LIRIO LIU
STATE PASS TO FAA FOR CBURLSON AEE-1 DKIMSKI AEU-10
STATE PASS TO NSC-LCATIPON
MONTREAL PASS TO USICAO FOR FAUX GABLE

E.O. 12958: DECL: 11/05/2017

TAGS: [FAIR](#) [ECON](#) [SENV](#) [ETRD](#) [FUN](#) [PO](#)

SUBJECT: PORTUGAL PUSHING FOR MANDATE OF EU AVIATION
EMISSIONS PROPOSAL BEFORE BALI

REF: LISBON 1745

Classified By: MTREIBER FOR REASONS 1.4 (B) AND (D)

Summary

11. (C) Pol-Econ officers met with Ministry of Environment officials to express USG concerns about the unilateral nature of the EU's proposal to include Civil Aviation in its Emissions Trading Scheme and related legal issues. Post underscored the need to engage third countries and urged Portugal to delay tabling a proposal. Officials confirmed that Portugal, as EU President, was indeed pushing for a first reading of the Emissions Trading Directive in December despite its own concerns. However, the Portuguese did note that they were considering alternatives in the likely event that they did not receive a mandate. Options include the Commission presenting a political agreement that would inevitably delay the directive's approval by at least six months.

Portugal Pushing the Inevitable

12. (C) Ministry of Environment Officials told post on November 2 that Portugal is indeed pushing for a first reading of the EU's Emissions Trading Directive in December, prior to the UN Framework Convention on Climate Change in Bali. Despite its own concerns as a country on Europe's periphery, Portugal, as EU President, must assume a leadership role in moving forward the directive which has gained "unstoppable EU-wide political momentum." Even if Portugal tried delaying tactics, officials were certain that the directive would be in effect by 2012, if not by 2010. Such unilateral actions were needed because the International Civil Aviation Organization (ICAO) and the International Maritime Organization had failed to act, they said.

More Support than Expected, But Not Quite Enough

13. (C) During the EU COREPER meeting the week of October 29, Portugal sought but was unable to attain member-state agreement on key mandate issues - including the percentage of auctioning and the timing of the directive's entry into force. Despite Portugal's inability to gain sufficient backing for a first reading, officials indicated that they received more member state support than expected (much more than half). Portugal still hopes to gain enough support for a first reading in December but is looking at alternatives including tabling a political agreement. Taking this path will require a second reading and delay approval by at least six months.

Acknowledging Problems of the Directive

¶4. (C) The Portuguese acknowledged US concerns that the ET Directive could prove counterproductive at Bali, but indicated that the EU has been holding bilateral meetings with New Zealand, Australia and the US in Brussels in hopes of mitigating the directive's unilateral nature. In addition, although the EU believes that there is no legal incompatibility between September ICAO conclusions and the directive, Portugal conceded that a legal clash between the EU and third countries was inevitable.

Hoffman